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FM AMEMBASSY QUITO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6663
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 0181
RUEHBO/AMEMBASSY BOGOTA PRIORITY 6558
RUEHBR/AMEMBASSY BRASILIA PRIORITY 3727
RUEHCV/AMEMBASSY CARACAS PRIORITY 2475
RUEHLP/AMEMBASSY LA PAZ MAR 0518
RUEHPE/AMEMBASSY LIMA PRIORITY 1537
RUEHME/AMEMBASSY MEXICO PRIORITY 1532
RUEHPO/AMEMBASSY PARAMARIBO PRIORITY 0057
RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 2110
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RHMFISS/CDR USSOUTHCOM MIAMI FL

C O N F I D E N T I A L QUITO 000719

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E.O. 12958: DECL: TEN YEARS
TAGS: [PGOV](#) [PREL](#) [PINR](#) [EC](#)
SUBJECT: CHINESE PARTY STANDING COMMITTEE MEMBER VISITING
ECUADOR?

REF: A. 06 QUITO 2138

- [1](#)B. 06 QUITO 1920
- [1](#)C. 06 QUITO 2226
- [1](#)D. 06 STATE 70035

Classified By: Ambassador Linda Jewell for reasons 1.4 (b&d).

[1](#)1. (C) Summary: Newly-arrived Chinese Ambassador Cai Runguo shared his first impressions of Ecuador with the Ambassador on March 23. Cai also said that a senior member of the Chinese Communist Party's nine-member Politburo Standing Committee would visit Ecuador briefly this week. Cai said the visit was more political than commercial, although he said President Correa is interested in expanding trade with and investment from China. Open source information confirms that Standing Committee member Li Changchun is currently visiting the region, but so far neither the press nor official GOE or PRC websites have made mention of Ecuador, indicating that the visit either is unofficial or a stopover. End Summary.

[1](#)2. (SBU) Cai said that Li would be the most senior PRC visitor here in 27 years. He would only visit Ecuador for a day, in between trips to Mexico, Venezuela, Suriname and possibly Peru (not necessarily in that order). Web searches have turned up no mention of Li's visit to Ecuador. Chinese and international press reporting on his current Venezuela visit indicate that petro-diplomacy is a large part of the visit.

[1](#)3. (C) Cai presented his credentials on March 22 to President Correa. Cai said Correa expressed interest in encouraging more Chinese investment in Ecuador and in increasing Ecuadorian exports to China, expressing concern over Ecuador's large trade deficit with China. Cai confided that the PRC sees little of interest in Ecuador, in investment and trade terms. The PRC used to buy Ecuadorian bananas but now buys from the Philippines and other countries closer to home.

[1](#)4. (C) The Ambassador inquired about oil and Cai replied that PRC-owned "Andes Petroleum" (Ref A) oil does not go back to China, but is sold elsewhere. Asked if Chinese oil interests were worried about Correa government pronouncements on energy policy, Cai said yes, emphasizing China's interest in rule of law and respect for contracts. He confirmed that

the GOE is looking for Chinese investment in upgrades to Petroecuador's Esmeraldas refinery (Ref B), saying the PRC was studying the issue. Of concern to the PRC is the amount of investment needed (press speculate up to \$4 billion) and the unstable political/economic climate.

¶15. (C) Cai said his government was not sure that the climate was right to ensure the long term stability that would justify such a big investment. No decision has been taken yet on further investments, he said. Cai said Chinese telecommunications companies such as Huawei and ZTE operating in Ecuador were doing fine but offered no details. When the Ambassador raised Hong Kong-based Hutchinson Ports, \$468 investment in the deep water port at Manta, Cai surprisingly denied knowledge of any Chinese investments there (Ref C).

¶16. (C) Cai was aware of the initiative by A/S Shannon to compare notes on foreign policy toward the hemisphere and thought it a good idea. He asked if the USG considered Chinese involvement in the region a threat. The Ambassador said we believed we could work in a complementary fashion where our interests coincide, noting also that China seemed to be focused more on natural resources than politics. Cai agreed wholeheartedly.

¶17. (C) Comment: Correa's interest in expanded trade with China comes as no surprise. We have been warned by Economic Minister-Coordinator Mauricio Davalos that the GOE hopes to build its trade with China to balance current dependence on the U.S. market. We found it strange that Cai claimed to be unaware of the Hutchinson investment in Manta's port. Perhaps Hong Kong firms, overseas businesses are overlooked by the PRC, or perhaps Cai is simply not yet up to speed. We will continue to cultivate our Chinese and other Asian counterparts here to share perspectives on Ecuador, per

RefTel D request, and will seek further confirmation of the arrival of the high level PRC delegation.

¶18. (SBU) Biographic Information: Cai arrived here from Washington, where he was the Chinese observer to the OAS. In this meeting he gave no hint of knowing English. His Spanish is quite good, but heavily accented. He served in Venezuela during the Carlos Andres Perez era and in Peru under Fujimori. Cai said he was going to Brazil in April for a conference of all Chinese ambassadors in the region. He said they have ambassadors in every country in South America except Paraguay. He said China's ambassadors to Mexico and the Dominican Republic would also be at the meeting.
JEWELL